

Mark Masselli: This is Conversations on Healthcare. I am Mark Masselli.

Margaret Flinter: I am Margaret Flinter.

Mark Masselli: Margaret, the battle over healthcare has shifted to the states, we have got midterm elections less than a week away and many republicans have made the election a referendum on Health Care Reform. But past the election one of the most important issues facing states in the success of Health Care Reform are those State Insurance Exchanges.

Margaret Flinter: And I think our listeners have heard as reference this lot but that's because they are important, the exchanges are the marketplace where insurers will offer their products side by side and consumers will be able to compare and shop for the best plan at the best rate. And maybe less well understood but very important is that the exchange play a crucial role as the gateway to Medicaid and vice-versa. If people are found eligible for Medicaid when they go to apply for insurance they will be helped to enroll by the same token if they apply for Medicaid and aren't eligible they maybe eligible for a subsidy in the exchange. So we really have to keep an eye on their development.

Mark Masselli: You are right Margaret, they are the foundation of Health Care Reform and they will act as a regulatory and enforcement body as well evaluating health plans and determining what was eligible for subsidies and who will be exempt from the penalties imposed on people who go without insurance.

Margaret Flinter: That's the big picture. And although the federal government says that it will be able to administer health exchanges in states that decline to run their own the fact is all but two states applied for that initial round of planning grants to develop the health exchange at the state level. I think it was \$49 million went to 48 states in the District of Columbia. So it looks like states are going to take this responsibility on and that's a good thing as we always say that states are really the laboratories for innovation.

Mark Masselli: And they are and California is the leader implementing health reform by taking the initial step to set up the exchanges, they became the first state on September 30th to establish the California Health Benefit Exchange. We will see if others follow their lead.

Margaret Flinter: Well, that's a good segue Mark to introduce our guest today, Dr. Mark Smith, who joins us from the California Healthcare Foundation. He has been involved in advocating for National Health Reform for many years long before the current Patient Protection and Affordable Care Act was passed. And under his leadership, the California Healthcare Foundation has been working to improve healthcare access and safety and quality and transparency for all

Californians. We are very happy Dr. Smith can join us today to talk about how the foundation is influencing change.

Mark Masselli: And I am sure the foundation will have a big part to play making sure reform holds up to its many promises. But no matter what the story, you can hear all of our shows on our website www.chcradio.com. You can subscribe to iTunes to get our show regularly downloaded or if you would like to hang on to our every word and read a transcript of one of our shows, come visit us at www.chcradio.com. You can become a fan of Conversations on Healthcare on Facebook and also follow us on Twitter.

Margaret Flinter: And as always, if you have feedback, email us at www.chcradio.com. We would love to hear from you. Now before we speak with Dr. Smith, let's check in with our producer Loren Bonner for the Headline News.

Loren Bonner: I am Loren Bonner with this week's Headline News. State Insurance Regulators from the National Association of Insurance Commissioners unanimously recommended new federal rules governing how much of the premium dollar insurers must spend on patient's healthcare, also known as the Medical Loss Ratio. Starting in January 2011, the federal regulation will require health insurers to spend at least 80% of premiums on healthcare for individuals and those enrolled in small group health insurance and 85% for those enrolled in large group coverage. Insurance commissioners have spent months debating what should be counted as healthcare expenditures. The goal is to make sure the consumers premium dollars are spent on medical care and quality improvement not things like marketing and profits for insurance companies. Although some insurance executives are worried the rules could disrupt the coverage, Department of Health Secretary Kathleen Sebelius applauded the vote, says the recommendations are reasonable and achievable for insurers. HHS will use the recommendation to issue the final provision in the coming weeks. According to a new report from the Centers for Disease Control and Prevention, the number of Americans with diabetes is expected to double even triple over the next 40 years. Ann Albright is the Director of the Division of Diabetes Translation at the CDC.

Ann Albright: Recent past had indicated that one in 10 adults would be developing diabetes and now the projections are looking much closer to one in three to one in five.

Loren Bonner: The factors Albright says are both positive and negative.

Ann Albright: The average age is increasing, we are living longer and diabetes does increase with aging.

Loren Bonner: Albright says people are living longer with diabetes because of better control of the disease as well as early diagnosis. The growing population

of certain ratio on ethnic groups who are at risk is also a factor in the projected increase.

Margaret Flinter: This is Conversations on Healthcare. Today we are speaking with Dr. Mark Smith, President of the California Healthcare Foundation. The foundation has been one of the most reliable and innovative sources for promoting and expanding access to affordable and quality healthcare for California's underserved. Dr. Smith, you have been leading the foundation since it was created in 1997 and you have steered it successfully in a very focused direction improving the deliver in financing of high quality healthcare for the State of California. The country has seen enormous advances in healthcare over the past 13 years but 6.01_____ cost and now the strange state budgets have created new challenges. What are the key priorities for the foundation in this current environment?

Dr. Mark Smith: Well right now, we really have two key challenges. The first is to accelerate the implementation of the Health Care Reform Bill which was passed after many years of struggle. So now it's up largely to the states to get done the tasks that the Federal Health Care Reform Bill envisions and we have been trying to help both state government and other stakeholders. People in the industry understand what the rules will be, what the challenges are and how to get about creating exchanges, high risk pools and the various instruments of Health Care Reform. The second challenge as you say is really to struggle with the challenge of cost. I think most people would agree that the Health Care Reform Bill did a pretty good job of expanding access but not such a good job of controlling cost and so I think for most of us if we don't get cost under control, we will lose the benefit of expanded insurance because as Massachusetts has shown us if you don't tackle that problem the whole edifice has the chance of falling down.

Margaret Flinter: So Dr. Smith, let me just follow-up on that then from your viewpoint the strategies around controlling cost and you are right in crafting the legislation some ideas were tossed out there but not a lot of guidance, where do you see this going around the cost control?

Dr. Mark Smith: Well, first of all, I think there are some big levers about the cost of healthcare at a macro level that frankly are way outside our control as a state based foundation. So issues such as Medicare payments, such as the tax deductibility of health insurance premiums so called Cadillac Tax and a whole bunch of other levers that are really in the hands of the federal government will in the end I think have to be brought into play. But while those things are being struggled with, I think there are a number of things in the Reform Bill and in the High Tech Act that actually holds some problems. The first is that the High Tech Act of the stimulus package, the American Investment Recovery Act provides the funding for the infrastructure for electronic and medical records and essentially the digitization of healthcare. This is really important because for one thing we

can't get a handle on what we are doing if every time we want to figure out what we are doing we are sending armies or individuals out to review medical records on paper with pencil. So in many ways one of the most fundamental Health Care Reform advances over the last of couple years is not actually in the Reform Bill but it's in the stimulus package and it's the electronification of healthcare in America. Secondly, there are a number of provisions in the Reform Act that look to the future of a different way of paying people essentially the way we pay people in healthcare is we pay them to do more and we now know that more is not necessarily better. And so if you hear talk about the Primary Care Medical Home or the Accountable Care Organization these are all buzz words right now. But I think in the next few years we will be looking at really reorganizing the way we deliver care in America hopefully to provide higher quality care at lower cost.

Mark Masselli: You know I wanted you to go to micro level Dr. Smith and about the ways that people are able access eligibility and we have heard often during the Health Reform Debates that the significant percentage of the uninsured of the US were actually eligible for public insurance like Medicaid but weren't enrolled and there is a host of reasons to explain it including sort of confusing enrollment processes. But the California Healthcare Foundation is known for its longstanding effort to modernize enrollment in public programs for California, so let me ask you to explain how California compares to the rest of the country in terms of uninsured and also about your Health-e-App System that you are developing and playing your role out pretty soon for California public.

Dr. Mark Smith: Well California is among the highest number of uninsured in the country and lot of that has to do with the nature of the labor force as it does elsewhere. We have as you say have been working for many years to try to modernize and streamline and make more efficient and more welcoming the process by which people enroll in public programs which they are eligible so let me make this point because it's important. When you look at how people will benefit under the Health Reform Act how it is people will now have Health Insurance Coverage. About half of the people who will benefit will do so because they will now be enrolled in Medicaid. The other half about will benefit because they will now be eligible for subsidies and they will buy their insurance through the exchanges but first they have to be ruled ineligible for Medicaid to receive the subsidy. So essentially everybody or almost everybody who is going to benefit from this new law, will have to go through the Medicaid eligibility process. The Medicaid eligibility process is in many places including in most of California still linked to the welfare department because of the historical links between Medicaid and welfare and so to the extent that people have to go to the social services office and be served there in order to sit down with an individual and bring a bunch of papers and sign up to be either getting on Medicaid or ruled ineligible for Medicaid because of subsidy we think that's a no-brainer in terms of a bad way for healthcare reform to be implemented. So we have for many years been supporting a process by which this process can be automated that you can have computer systems that talk to each other and do this eligibility determinations

and soon this will be available to the public directly in California for kids in our SHIP Program or Healthy Families Program. And we think over the next several years given the increasing computer literacy in America including by low income people that many we think actually the majority of people ought to be able to do this online either from their homes or from other places where they have access as opposed to crowding social services department. There will clearly be some people who still need that assistance but there is no way that 40 million Americans will be enrolled in Health Care Reform by lining up in the social services department. So we are actually encouraged that the Health Care Reform Bill contemplates making this much easier and much more likely to be online in the way that millions of Americans conduct all sorts of other business today.

Mark Masselli: Well that's very exciting to you, both might have medical record but you might also have an eligibility record that might be used in a lot of different formats, it's quite exciting.

Dr. Mark Smith: Absolutely and in fact as it turns out if you look at the information that the government collects for you to be ruled eligible for Medicaid, it's also often the same information that you need to qualify for food, stamps and for all sorts of other government programs and the way it often works now is you got to 13.09_____ from one office to another sometimes three or even four different offices, one for each program, giving them the same information over and over again. And that obviously makes no sense both fully individual who is eligible for health or for the government that has to pay for the people to staff these four offices. So we think this is going to get lot better in the next few years.

Margaret Flinter: Very important initiative and certainly more efficient and effective and also a lot more respectful of everybody's time. You know we really can't separate digitalization or electronification of healthcare from quality and access issues because they are so important and so let me just follow down that path in just a minute more. California is so enormously diverse, rural and urban. You have community health centers, migrant health centers, nurse-led health centers as well as private practice hospitals. One of the areas that we have really followed with great interest us your work in telemedicine and virtual care as a way to really level the playing ground at a high level of access to the best care for everybody in California. Can you speak a little bit to how you are looking to really connect not just the electronic health record but how to really connect, have a connected healthcare system in California through health information exchanges and these other innovations?

Dr. Mark Smith: Well, we have been active in supporting the role out of a high-speed, secure, digital network that can serve providers in rural areas, urban areas all over the state and it's important to remember that in all sorts of other aspects of our lives we rarely now have to go some place to transfer information. I mean we live our lives by sending data back and forth over the internet and

awful lot of our visits to the doctor are made to get information or to give information that can actually be transferred much more efficiently, securely and much more economically and conveniently for everybody if you could do so by the internet. In addition though, in recent years with the development of broadband and with the development of lots of technologies that can move other kinds of data it's clear that for instance in our rural areas where we often lack specialist instead of trying to figure out how you can move 20 or 30 people from a small town into a big city to see a dermatologist, you just need to move the video or the picture of a skin lesion so the dermatologist can look at it and often can supply an answer or diagnoses, even a treatment without having to drive a 100 miles or to move somebody there. So we think there are great opportunities to improve the care of people particularly people who are in rural areas but often frankly in urban areas and make care much more convenient for them.

Mark Masselli: This is Conversations on Healthcare. Today we are speaking with Dr. Mark Smith, President of California Healthcare Foundation. He is talking to us about how to make healthcare efficient, affective and elegant. Dr. Smith one of the mantras that you have been focused in as how to provide better care for the same amount of money and one of the areas that you are particularly focused in on at the foundation is better management of chronic diseases. What models or standards have you been promoting to improve outcomes and the quality of life for those with chronic conditions in California?

Dr. Mark Smith: We spend an awful lot of money on a relatively small number of people, many of whom have chronic diseases that can be managed to reduce the impact and burden on their health loss and the impact and burden on their and our financial loss as well. And that requires a change in attitude and philosophy, both by patients frankly and by the system that's taking care of them. So, an example we have spent a lot of time in the last several years helping doctors and clinics and other providers install what we call registries in their practice. So when I was trained as a doctor it was not part of my training to think about say all of the diabetics in my practice, I would see Mrs. Johns, Mr. Smith, Mrs. Gonzales and I would see them one by one and take care of whatever they had, their hypertension, their diabetes whatever but there wasn't really the capacity for me to sit down and say okay, in my practice of 2000 patients I may have 160 diabetics, how am I doing with those diabetics, what's their blood sugar, what's their blood pressure, how frequently have their feet and how their eyes been checked to avoid the downstream consequences of uncontrolled diabetes. So the first step is having the capacity to do that, just gets us back to electronic medical records. The second step is to have workflows and processes to allow you to manage patients prospectively. So we like many others in the country have been trying to help providers understand what tools they need to manage populations of patients with chronic disease and to help constantly look at our practice, improve our practice that both helps manage patients' diseases and also substantially reduces the costs.

Margaret Flinter: Dr. Smith you referenced your own training and certainly that's another area we can spend another whole show on talking about the training of our healthcare professionals, but I would like to focus on the California healthcare foundations, major investment in leadership development for the next generation of healthcare professionals, both the clinicians and the leaders and administrative folks who are going to lead and shape our 21st century healthcare system, tell us about those programs and why the foundation is making such a strategic investment in the area of leadership development as I understand across all sectors of the healthcare system in California.

Dr. Mark Smith: These things don't happen automatically, and sometimes they don't happen easily, they need people who understand where they are trying to go on and who will have skills and tools to actually manage organizational change. Healthcare is kind of a curious industry if you will, in that at least on the clinical side we substantially under invest in, and under appreciate the role of management. So there are awful lot of doctors and other clinicians, nurses, dentists, pharmacists, who are in charge of big budgets and lots of people and in fact in charge of the lives and health of their patients who receive little or no formal training in how to manage anything, how to run an organization and how to review a budget. So we setup 10 years ago to say, we are going to try to provide that people who have taken on this test that is helping to run our clinical enterprises some assistance in upgrading and strengthening their management skills and their leadership skills and we are now on our 9th or 10th cohort of people who part time over the course of two years get some background in accounting and finance and negotiation and a view of their own personal management style lots of the kinds of things that people in any other industry in senior positions of management would long ago have gotten as part of their management development. We have helped to try to provide that.

Mark Masselli: Dr. Smith speaking of the future, we would like to ask all of our guests that when they look around the country and the world what do you see in terms of innovations and who should our listeners at Conversations be keeping an eye on? I know out here in the East Coast we keep an eye on the California HealthCare Foundation, but tell us who are you keeping an eye on?

Dr. Mark Smith: Well for one thing we are keeping an eye on Washington because you know there is a big complicated Health Care Reform Bill that will take many years to unfold. We are hopeful that administration and other policy makers in Washington will give providers the freedom and flexibility to experiment and learn and innovate new forms of care, new sites of care, new ways of delivering care. If you think about some of the developments for the last several years with Retail Clinics for instance these medical clinics that are in big-box stores and super stores. You think about the advent of telephone medicine and with tele-medicine some of these things are technologies that are waiting to take off but are kind of headstrong because of our existing reimbursement system people don't get paid for that work or sometimes there are actually regulations

that won't allow them to do it. So in many ways this is going to sound counterintuitive. I think there is a huge pent-up demand in the provider system and among patients to use technology in new ways to get care more quickly to them, more conveniently and certainly more affordably and a lot of what we are looking for is innovation in our regulatory and reimbursement system that can allow those sorts of innovations to flourish in healthcare as they have in banking, and transportation, and information, and virtually every other aspect of our lives.

Margaret Flinter: Well that's an exciting feature to look forward to. Today we have been speaking with Dr. Mark Smith, President of the California HealthCare Foundation. Dr. Smith, thank you so much for joining us on Conversations today.

Dr. Mark Smith: Thanks for having me.

Mark Masselli: Each week, Conversations highlights a bright idea about how to make wellness a part of our communities into everyday lives. This week's bright idea puts a spotlight on a program that has a strong track-record fighting childhood obesity and is just been awarded funding from the Aetna Foundation to further its aims. Students Run LA, trains at-risk high-schoolers to run the Los Angeles Marathon while providing them with the adult mentoring and nutrition education. They need to stay healthy from life. To some training a 14-year-old to run a full 26 mile marathon might seem dangerous and even impossible but back in 1986 LA high school teacher Harry Shabazian realized that coaching his students to complete a marathon and also give them the skills and motivation they needed to graduate high school. Mr. Shabazian ran the 1987 LA Marathon with several of his students, and after more teachers and students joined him in 1988 the LA Board of Education took notice. By the mid-90s Students Run LA have been established as an official physical education and dropout prevention program in the LA Unified School District. Today students run LA still uses the same teacher led model in which teachers run along side their students after school helping them prepare for the race while teaching them about eating a healthy diet and exercising regularly. The Students Run LA program also goes beyond physically preparing students for the marathon with the help of one-on-one mentoring, students also learn important skills like goal setting and time management which enables them to make lasting healthy lifestyle choices and to succeed in graduating high school and going to college. Since 1989 Students Run LA has served about 40,000 students with consistent success. This year thousands of teachers and students will run the LA Marathon. Of those students it's particular that more than 95% will finish the marathon and over 90% of the seniors who run the marathon will graduate and go onto college. The students who participate in the program emerge with skills and motivation to lead a healthy productive life. Now that's a bright idea.

Margaret Flinter: This is Conversations on Healthcare. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli, peace and health.

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